

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES)	
OF GENERAL TELEPHONE)	CASE NO. 8045
COMPANY OF KENTUCKY)	

O R D E R

Procedural Background

On July 15, 1983, General Telephone Company of Kentucky ("General") filed a notice of a rate adjustment in Case No. 8859, Adjustment of Rates of General Telephone Company of Kentucky. In part, General requested an expedited investigation concerning Phase 3 expensing of station connections and an Order authorizing rates by October 1, 1983, which is the date established by the Federal Communications Commission for implementing Phase 3 expensing of station connections.

On September 14, 1983, the Commission issued an Order in Case No. 8859 granting General its request for an expedited investigation, subject to the filing of information specified in the Order, and transferring the investigation from Case No. 8859 to Case No. 8045, Adjustment of Rates of General Telephone Company of Kentucky, in which the Commission allowed General the opportunity to file tariffs on an annual basis to recover expenses related to the Commission's adoption of a 4-year phase-in plan for the expensing of station connections. The Commission also

conditioned rate relief on General's ability to absorb any increased expense based on the rate of return approved in the case.

General has filed all information ordered by the Commission and the Commission has received no comments from any interested party.

FINDINGS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. General's end-of-period return on equity for the 12-month period ending June 30, 1983, is 13.19 percent.

2. Absorption of any portion of the increased operating expense due to the Phase 3 expensing of station connections will materially impair General's ability to earn the return on equity of 13.75 percent authorized in Case No. 8045.

3. The station connection rate proposed by General is compensatory and will produce revenues to offset increased operating expenses caused by the Phase 3 expensing of station connections. The revenue requirement is \$441,142.

4. The station connection rate in Appendix A, as proposed by General, is the fair, just and reasonable rate for General to charge its customers.

Orders

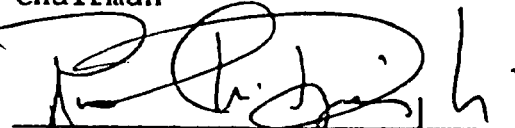
IT IS THEREFORE ORDERED that effective October 1, 1983, General be and it hereby is authorized to place into effect the station connection rate in Appendix A.

IT IS FURTHER ORDERED that within 30 days of the date of this Order General shall file revised tariff sheets with the Commission stating the station connection rate authorized in Appendix A.

Done at Frankfort, Kentucky, this 30th day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8045 DATED SEPTEMBER 30, 1983.

The following rate is authorized for the customers in the area served by General Telephone Company of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

General Exchange Tariff
Service Charges

Charges	<u>Single Line Business or Residence</u>	<u>Key, PBX, ETSX, Trunks, Tie Lines, Centrex</u>
Line Connection, each	\$16.18	\$16.18